GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

STARRED QUESTION NO:290
ANSWERED ON:02.08.2002
REVAMPING OF FCI
V. SAROJA

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the Government have received the study report of Administrative Staff Collegeof India, Hyderabad to arrive at ways and means to reduce the economic cost of acquisition and distribution of foodgrains by FCI;

(b) if so, the main recommendations of the study report;

(c) the action taken by the Government thereon; and

(d) the other steps taken to remove corruption and make FCI economically viable and self-supporting?

Answer

THE MINISTER OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION(SHRI SHARAD YADAV)

(a),(b),(c),&(d): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a),(b),(c),&(d) OF STARRED QUESTION NO.290 DUE FOR ANSWER ON 02-08-2002 IN THE LOK SABHA.

(a): Yes, Sir.

(b): The main findings and recommendations made in the Study Report of the AdministrativeStaff College of India, Hyderabad are annexed.

(c): The recommendations made in the report are under examination.

(d): The steps taken to weed out corruption in the Food Corporation of India include, inter alia, the following:-

(i) Surprise as well as regular checks to plug loopholes in procedure so that the officers/ officials working in the field do not take undue advantage of any lacunae;

(ii) expeditious investigation into complaints and allegations;

(iii) disciplinary action against delinquent officers/officials and institution of criminal cases, where warranted;

(iv) recovery of losses from officials found responsible for various losses;

(v) induction of CISF at vulnerable depots to curb theft and pilferage.

The FCI has been entrusted, inter alia, with the responsibility of maintaining buffer stocks and issuing foodgrains under TPDS and other welfare schemes at subsidized rates to meet the social objectives under the Government policies. Given this mandate, it may not be possible to make the FCI economically viable and self-supporting.

ANNEX

ANNEX REFERRED TO IN REPLY TO PART (b) OF THE STARRED QUESTION NO. 290 DUE FOR ANSWER ON 02-08-2002 IN THE LOK SABHA.

The main findings and recommendations made in the Study Report of the Administrative Staff College of India, Hyderabad to suggest ways and means to cut down the administrative and economic cost of the Food Corporation of India are as under:-

(a) The autonomous existence in FCI is desirable and dispensing with FCI as an organization will not be in the interest of the nation.

(b) For making the FCI viable, the Government of India has to give up control over any two of the three factors consisting of
(i) fixation of procurement price;
(ii) fixing of procurement quantity; and

(iii) fixing of issue price.

(c) To reduce stock levels, the FCI may be allowed to carry out open market sale as a routine process.

(d) Food security is an important issue and this should not be left to private traders, who are motivated by profit alone.

(e) State Governments may be insisted upon to lift the allotted quantity for PDS.For the unlifted stock, with reference to the allotment, State Governments should be asked to pay storage and interest charges.

(f) The Railways should take full responsibility of the consignments received for transport. They should not only issue clear RR, but deliver the consignment in the same condition at the destination to the FCI, fulfilling the obligation of the Bailee under the Contract Act.

(g) The Hill Transport Subsidy Scheme applicable for the North Eastern region and Jammu & Kashmir should be dispensed with.

(h) Financing of buffer stocks with borrowed funds from the Banking sector should be doneaway with and the same should be financed through Government grant/equity.

(i) Decentralized procurement should be encouraged.

(j) High cost departmental labour should be dispensed with.

(k) The FCI may sell out all storage assets to the Central Warehousing Corporation which can become a prominent storage agency in the country.